

UMS HOLDINGS LIMITED
COMPANY REGISTRATION NO: 200100340R
Second Quarter Financial Statement And Dividend Announcement

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3) HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2017

	Group					
	2Q			6 Months Ended		
	30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	42,734	23,607	81%	84,494	43,969	92%
Net finance (expense)/ income (Note (a))	(18)	27	N.M	49	56	-13%
Changes in inventories	945	(1,874)	N.M	6,645	(1,722)	N.M
Raw material purchases and subcontractor charges	(21,853)	(8,145)	168%	(47,866)	(16,424)	191%
Employee benefits expense	(3,877)	(2,393)	62%	(7,415)	(5,006)	48%
Depreciation expense	(1,061)	(1,565)	-32%	(2,311)	(2,985)	-23%
Other expenses (Note (b))	(3,112)	(2,378)	31%	(6,378)	(5,023)	27%
Other charges (Note (c))	(1,201)	-	N.M	(2,236)	(1,870)	20%
Share of result of associate (net of income tax)	-	(11)	-100%	-	(22)	-100%
Profit before income tax	12,557	7,268	73%	24,982	10,973	128%
Income tax expense (Note (d))	(1,264)	(799)	58%	(2,521)	(1,124)	124%
Net profit for the period from continuing operations	11,293	6,469	75%	22,461	9,849	128%
Attributable to:						
Owners of the Company	11,482	6,469	77%	22,650	9,849	130%
Non-controlling interests	(189)	-	N.M	(189)	-	N.M
Total comprehensive income for the period	11,293	6,469	75%	22,461	9,849	128%

N.M - Not meaningful

NOTES TO INCOME STATEMENT

Note (a) Net finance income

	Group					
	2Q			6 Months Ended		
	30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from cash and cash equivalents	58	27	115%	114	56	104%
Interest income from an associate	14	-	N.M	26	-	N.M
Interest expense from bank borrowings	(90)	-	N.M	(91)	-	N.M
Net finance income	(18)	27	N.M	49	56	-13%

Note (b) Other expenses

	Group					
	2Q			6 Months Ended		
	30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Legal and professional fees (Note (i))	(630)	(318)	98%	(1,184)	(622)	90%
Rental expense	(280)	(254)	10%	(526)	(477)	10%
Utilities (Note (ii))	(698)	(682)	2%	(1,418)	(1,306)	9%
Freight charges (Note (ii))	(220)	(72)	206%	(484)	(180)	169%
Insurance	(127)	(116)	9%	(245)	(257)	-5%
Upkeep of properties and equipment	(82)	(1)	8100%	(165)	(199)	-17%
Upkeep of machinery (Note (iii))	(704)	(407)	73%	(1,557)	(949)	64%
Others	(371)	(528)	-30%	(799)	(1,033)	-23%
	(3,112)	(2,378)	31%	(6,378)	(5,023)	27%

Note 1 (a)(b)(i) – The increase in professional fees was mainly due to sales commission provision payable to the Group's sales consultant. Refer to note 13.

Note 1 (a)(b)(ii) – The increase in utilities and freight charges were mainly due to higher production activities during the period.

Note 1 (a)(b)(iii) – The increase was mainly due to higher maintenance of machinery and equipment carried out during the period.

Note (c) Other charges

	Group					
	2Q			6 Months Ended		
	30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange (loss)/ gain (Note (i))	(872)	364	N.M	(1,916)	(1,563)	23%
Gain on disposal of property, plant and equipment	1	-	N.M	16	7	129%
Property, plant & equipment written off	-	-	N.M	-	(20)	-100%
Inventories written off	-	-	N.M	(224)	-	N.M
Write back of allowance for inventories obsolescence	26	-	N.M	221	-	N.M
Allowance for inventories obsolescence	(370)	(353)	5%	(370)	(353)	5%
Others	14	(11)	N.M	37	59	-37%
	(1,201)	-	N.M	(2,236)	(1,870)	20%

Note 1(a)(c)(i) - The exchange loss was due to the depreciation of the US dollar during the period.

Note (d) Income tax

	Group					
	2Q			6 Months Ended		
	30-Jun-17	30-Jun-16	Change	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income tax:						
- Current	(1,264)	(799)	58%	(2,458)	(1,124)	119%
- Prior years	-	-	N.M	(63)	-	N.M
	(1,264)	(799)	58%	(2,521)	(1,124)	124%

Note 1(a)(d) - The increase in current income tax was due to higher profits during the period.

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000	30 Jun 2017 S\$'000	31 Dec 2016 S\$'000
ASSETS				
Current Assets				
Cash and bank balances (Note (ii))	62,954	42,620	2,172	329
Trade receivables and other current assets (Note (iii))	25,740	20,944	2,071	3,618
Inventories (Note (iv))	38,370	31,725	-	-
Total Current Assets	127,064	95,289	4,243	3,947
Non-Current Assets				
Investment in subsidiaries (Note (i))	-	-	193,405	192,415
Property, plant and equipment	32,926	31,704	-	-
Investment property	2,272	2,284	-	-
Investment in associate (Note (v))	-	-	-	-
Loan to associate	1,170	828	1,170	828
Goodwill (Note (vi))	82,167	80,083	-	-
Total Non-Current Assets	118,535	114,899	194,575	193,243
Total Assets	245,599	210,188	198,818	197,190
LIABILITIES AND EQUITY				
Current Liabilities				
Bank borrowings (Note 1(b)(ii))	18,904	249	-	-
Trade and other payables (Note (iv))	21,160	16,563	12,819	6,067
Income tax payable	3,345	2,210	4	7
Total Current Liabilities	43,409	19,022	12,823	6,074
Non Current Liabilities				
Loan from related parties (Note (vii))	3,051	-	-	-
Deferred tax liabilities	1,243	1,243	-	-
Long-term provision*	433	433	-	-
Total Non-Current Liabilities	4,727	1,676	-	-
Total Liabilities	48,136	20,698	12,823	6,074
Capital and Reserves				
Share Capital	136,623	136,623	136,623	136,623
Reserves	(11,548)	(10,963)	-	-
Retained earnings	73,606	63,830	49,372	54,493
	198,681	189,490	185,995	191,116
Non-controlling interests	(1,218)	-	-	-
Total Equity	197,463	189,490	185,995	191,116
Total Liabilities and Equity	245,599	210,188	198,818	197,190

* Provision for reinstatement of leased premises.

Note 1 (b)(i)(i) Investment in Subsidiaries

The details of the subsidiaries as at 30 June 2017 are as follows:

Name	Effective percentage of equity held by the group		Company's cost of investment	
	30-Jun-2017	31-Dec-2016	30-Jun-2017	31-Dec-2016
	%	%	S\$'000	S\$'000
<u>Held by the Company</u>				
UMS Systems Pte Ltd (Singapore)	100	100	9,561	9,561
UMS International Pte Ltd (Singapore)	100	100	800	800
UMS Pte Ltd (Singapore)	100	100	127,081	127,081
UMS Aerospace Pte Ltd (Singapore)	100	100	20,000	20,000
Integrated Manufacturing Technologies Pte Ltd (Singapore)	100	100	19,803	19,803
Integrated Manufacturing Technologies Inc. (United States)	100	100	8,196	8,196
Ultimate Machining Solutions (M) Sdn. Bhd. (Malaysia)	100	100	30,772	30,772
Kalf Engineering Pte Ltd (Singapore)	51	-	990	-
			<hr/>	
Unquoted equity shares, at cost			217,203	216,213
Less: Provision for impairment			(23,798)	(23,798)
			<hr/>	
			193,405	192,415
<hr/>				
<u>Held through UMS International Pte Ltd</u>				
Ultimate Manufacturing Solutions (M) Sdn. Bhd. (Malaysia)	100	100		
<u>Held through UMS Pte Ltd</u>				
UMS Solutions Pte Ltd (Singapore)	100	100		

Note 1(b)(i)(ii) – The net increase in cash and cash equivalents by S\$1.7 million (after net-off the increase in short-term borrowing of S\$18.7 million) was mainly due to net cash generated from operation activities partially offset by dividend payments made during the period.

Note 1(b)(i)(iii) – Trade receivables and other current assets increased by S\$4.8 million, which were mainly due to higher sales during the period.

Note 1(b)(i)(iv) – The increase in inventories and trade and other payables by S\$6.6 million and S\$4.6 million respectively were mainly due to higher purchases made during the period.

Note 1(b)(i)(v) – Investment in associate relates to the Group's 10% equity interest investment in Allstar Manufacturing Sdn Bhd (the "Associate"). The Group has fully recognised share of losses of the associate in year 2016.

Note 1(b)(i)(vi) – The increase in goodwill was due to the acquisition of Kalf Engineering Pte Ltd and this represents the excess of the cost of acquisition over the Group's interest in the fair value of their net tangible assets as at the date of acquisition.

Note 1(b)(i)(vii) – Related parties loan relates to amounts owing by Kalf Engineering Pte Ltd to entities controlled by Mr. Luong Andy, CEO of the Group.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Jun 2017			As at 31 Dec 2016		
Secured S\$'000	Unsecured S\$'000	Total S\$'000	Secured S\$'000	Unsecured S\$'000	Total S\$'000
-	18,904	18,904	-	249	249

Details of any collateral

The Group's borrowing comprise mainly short-term SGD bank loans for its SGD currency requirements. The Group takes the view that USD would strengthen against the SGD in the future.

Not applicable.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			
	2Q		6 Months Ended	
	30-Jun-17 S\$'000	30-Jun-16 S\$'000	30-Jun-17 S\$'000	30-Jun-16 S\$'000
Cash flows from operating activities				
Profit before income tax	12,557	7,268	24,982	10,973
Adjustments for:				
Depreciation expense	1,061	1,565	2,311	2,985
Write back of allowance for inventories obsolescence	(26)	-	(221)	-
Inventories written off	-	-	224	-
Allowance for inventories obsolescence	370	353	370	353
Property, plant and equipment written off	-	-	-	20
Gain on disposal of property, plant and equipment	(1)	-	(16)	(7)
Interest income	(72)	(27)	(140)	(56)
Interest expense	90	-	91	-
Share of result of associate (net of income tax)	-	11	-	22
Unrealised foreign exchange loss	760	(150)	1,537	1,768
Operating cash flows before working capital changes	14,739	9,020	29,138	16,058
Changes in working capital:				
Trade receivables and other current assets	535	(911)	(5,769)	(2,829)
Inventories	(1,172)	1,534	(6,864)	1,390
Trade and other payables	(615)	(2,568)	4,840	(1,884)
Cash generated from operations	13,487	7,075	21,345	12,735
Income tax paid	(499)	(1,348)	(569)	(1,379)
Net cash generated from operating activities	12,988	5,727	20,776	11,356
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	17	7
Purchase of property, plant and equipment	(2,704)	(574)	(3,643)	(1,167)
Improvement to investment property	(25)	-	(61)	-
Net cash outflow on acquisition of subsidiaries	(178)	-	(178)	-
Loan to associate	(342)	(135)	(342)	(277)
Investment in associate	-	-	-	(48)
Interest received	72	27	140	56
Net cash used in investing activities	(3,177)	(682)	(4,067)	(1,429)
Cash flows from financing activities				
Proceeds from bank borrowings	18,655	1,249	18,655	1,249
Dividends paid	(12,874)	(12,874)	(12,874)	(12,874)
Interest paid	(90)	-	(91)	-
Net cash generated from / (used in) financing activities	5,691	(11,625)	5,690	(11,625)
Net effect of exchange rate changes	(600)	(801)	(2,065)	(1,837)
Net increase/ (decrease) in cash and cash equivalents	14,902	(7,381)	20,334	(3,535)
Cash and cash equivalents at beginning of the period	48,052	42,780	42,620	38,934
Cash and cash equivalents at end of the period	62,954	35,399	62,954	35,399

- 1(d) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	2Q			6 Months Ended		
	30-Jun-17 S\$'000	30-Jun-16 S\$'000	Change %	30-Jun-17 S\$'000	30-Jun-16 S\$'000	Change %
Net Profit for the period	11,293	6,469	75%	22,461	9,849	128%
Other comprehensive income, net of income tax:						
<i>Items that may be classified subsequently to profit and loss:</i>						
Exchange differences on translation of foreign operations	481	(1,056)	N.M	(564)	252	N.M
Total comprehensive income for the period	11,774	5,413	118%	21,897	10,101	117%
Attributable to:						
Owners of the Company	11,942	5,413	121%	22,065	10,101	118%
Non-controlling interests	(168)	-	N.M	(168)	-	N.M
	11,774	5,413	118%	21,897	10,101	117%

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distribution to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to holders of the Company S\$'000	Total Equity S\$'000
Group					
Balance at 1 January 2016	136,623	(9,146)	66,988	194,465	194,465
Changes in equity for first quarter					
Net profit for the period	-	-	3,380	3,380	3,380
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	1,308	-	1,308	1,308
Total comprehensive income for the quarter	-	1,308	3,380	4,688	4,688
Balance at 31 March 2016	<u>136,623</u>	<u>(7,838)</u>	<u>70,368</u>	<u>199,153</u>	<u>199,153</u>
Changes in equity for second quarter					
Net profit for the period	-	-	6,469	6,469	6,469
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,056)	-	(1,056)	(1,056)
Total comprehensive income for the quarter	-	(1,056)	6,469	5,413	5,413
Dividend paid	-	-	(12,874)	(12,874)	(12,874)
As at 30 June 2016	<u>136,623</u>	<u>(8,894)</u>	<u>63,963</u>	<u>191,692</u>	<u>191,692</u>

Group	Share Capital S\$'000	Foreign Exchange Translation Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000	Non- controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2017	136,623	(10,963)	63,830	189,490	-	189,490
Changes in equity for first quarter						
Net profit for the period	-	-	11,168	11,168	-	11,168
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	(1,045)	-	(1,045)	-	(1,045)
Total comprehensive income for the quarter	-	(1,045)	11,168	10,123	-	10,123
Balance at 31 March 2017	<u>136,623</u>	<u>(12,008)</u>	<u>74,998</u>	<u>199,613</u>	<u>-</u>	<u>199,613</u>
Changes in equity for second quarter						
Net profit for the period	-	-	11,482	11,482	(189)	11,293
Other comprehensive income for the period- Exchange differences on translation of foreign operations	-	460	-	460	21	481
Total comprehensive income for the quarter	-	460	11,482	11,942	(168)	11,774
Dividend paid	-	-	(12,874)	(12,874)	-	(12,874)
Acquisition of subsidiary with non-controlling interests	-	-	-	-	(1,050)	(1,050)
As at 30 June 2017	<u>136,623</u>	<u>(11,548)</u>	<u>73,606</u>	<u>198,681</u>	<u>(1,218)</u>	<u>197,463</u>

	Share Capital S\$'000	Capital Reserve S\$'000	Retained Earnings S\$'000	Total equity attributable to equity of holders of the Company S\$'000
Company				
Balance at 1 January 2016	136,623	-	52,239	188,862
Changes in equity for first quarter				
Net loss for the period	-	-	(566)	(566)
Total comprehensive expenses for the quarter	-	-	(566)	(566)
Balance at 31 March 2016	136,623	-	51,673	188,296
Changes in equity for second quarter				
Net profit for the period	-	-	3,403	3,403
Total comprehensive income for the quarter	-	-	3,403	3,403
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2016	136,623	-	42,202	178,825

	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Balance at 1 January 2017	136,623	-	54,493	191,116
Changes in equity for first quarter				
Net loss for the period	-	-	(571)	(571)
Total comprehensive expenses for the quarter	-	-	(571)	(571)
Balance at 31 March 2017	136,623	-	53,922	190,545
Changes in equity for second quarter				
Net profit for the period	-	-	8,324	8,324
Total comprehensive income for the quarter	-	-	8,324	8,324
Dividend paid	-	-	(12,874)	(12,874)
As at 30 June 2017	136,623	-	49,372	185,995

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's issued share capital since last financial year ended 31 December 2016 to 30 June 2017. There are neither treasury shares nor subsidiary holdings as at 30 June 2017 and 30 June 2016.

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 June 2017 was 429,143,947 (31 December 2016: 429,143,947).

1(e)(iv) A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

There was no treasury share held as at 31 December 2016 and 30 June 2017.

1(e)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

There were no subsidiary holdings as at 30 June 2017.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our external auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including and qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as stated in Note 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reason for, and the effect of the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (FRS) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning 1 January 2017.

The adoption of the new/ revised FRS and INT FRS does not result in any significant changes to the accounting policies of the Group and has no material effect on the amounts reported for the current and prior periods.

6 Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	2Q		6 Months Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
Earnings per ordinary share of the Group based on net profit attributable to owners of the company:-				
(a) Based on the weighted average number of ordinary shares on issue	2.68 cents	1.51 cents	5.28 cents	2.30 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947
(b) On a fully diluted basis	2.68 cents	1.51 cents	5.28 cents	2.30 cents
- Weighted average number of shares	429,143,947	429,143,947	429,143,947	429,143,947

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediate preceding financial year.

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Net asset per ordinary share based on existing issued share capital as at end of period reported on	46.30 cents	44.16 cents	43.34 cents	44.53 cents

The net asset per outstanding ordinary share as at both the current and the previous financial year have been calculated based on 429,143,947 outstanding ordinary shares.

8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion on the following:

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Revenue
6 Months 2017 Vs 2016

	Group		
	6 Months Ended		
	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	83,476	43,207	93%
Others	1,018	762	34%
	84,494	43,969	92%
Geographical Regions			
Singapore	62,645	25,166	149%
United States of America ('US')	8,664	5,188	67%
Malaysia	1,485	716	107%
Others	11,700	12,899	-9%
	84,494	43,969	92%

Revenue
2Q2017 Vs 2Q2016

	Group		
	3 Months Ended		
	30-Jun-17	30-Jun-16	Change
	S\$'000	S\$'000	%
Business Segments			
Semiconductor (Semicon)	42,595	23,599	80%
Others	139	8	1638%
	42,734	23,607	81%
Geographical Regions			
Singapore	31,493	14,272	121%
United States of America ('US')	4,585	2,733	68%
Malaysia	876	332	164%
Others	5,780	6,270	-8%
	42,734	23,607	81%

Revenue

Powered by the strong performance of its Semiconductor business, revenue for the three months ended 30 June 2017 ("2Q2017") jumped by 81% from S\$23.6 million a year ago ("2Q2016") to S\$42.7 million. Compared to 2Q2016, 2Q2017 revenue in Semiconductor business segment surged 80%. Semiconductor Integrated System sales jumped 123% from S\$11.0 million in 2Q2016 to S\$24.5 million in 2Q2017. Revenue from component sales increased by 43% from S\$12.6 million in 2Q2016 to S\$18.1 million in 2Q2017.

On a sequential basis, Group revenue remained stable with the semiconductor sales increasing by 4% compared to the preceding quarter (1Q2017).

Geographically, Singapore continues to account for the majority or about 74% of the Group's revenue, contributing S\$31.5 million in 2Q2017, a rise of 121% from S\$14.3 million in 2Q2016. This was mainly due to strong demand for the semiconductor Integrated System sales during the period under review.

Revenue in US also surged 68% vs 2Q2016 - benefiting from higher component sales for new system built whereas revenue in Others slid 8% vs 2Q2016 mainly due to lower component sales to a customer in China.

For the six months ended 30 June 2017 ("1H2017"), the Group's revenue soared by 92% to hit S\$84.5 million from S\$44 million from the previous corresponding 6 months ("1H2016"). Both the Group's core business segments reported positive growth. The revenue in Semiconductor segment climbed 93% and sales in Others segment shot up by 34%. Compared to 1H2016, semiconductor Integrated System sales jumped 152% from S\$19.3 million to S\$48.8 million in 1H2017. Revenue from component sales increased by 45% from S\$23.9 million in 1H2016 to S\$34.7 million 1H2017.

Revenue in Singapore in the first half surged 149% as compared to 1H2016 mainly due to strong demand for the semiconductor Integrated System sales.

Turnover in US also jumped 67% vs 1H2016 - driven by higher component sales for new system built whereas revenue in Others segment eased 9% vs 1H2016 mainly due to lower component sales to a customer in China.

Profitability

Net profit attributable to shareholders in 2Q2017 shot up by 77% to S\$11.5 million from S\$6.5 million in 2Q2016.

The surge in net profit came on the back of the Group's strong sales growth in 2Q2017. The Group also benefited from lower depreciation expenses.

UMS's gross material margin in 2Q2017 eased to 51% from 58% in 2Q2016 arising from a change in product mix. In the quarter under review, the Group secured higher integrated systems sales - which command a lower margin compared to component sales.

During the current quarter, expenses generally went up due to the consolidation of Kalf Engineering results in 2Q2017. Employee benefits expenses increased as a result of higher salaries and overtime, and bonus provision.

Depreciation fell 32% mainly due to some fixed assets being fully depreciated. Other expenses increased 31% over last year reflecting the higher level of production activities. Upkeep of machinery expenses increased 73%. Legal and professional fees rose 98% mainly due to provision for sales commission.

The Group's other charges in 2Q2017 increased by S\$1.2 million mainly due to foreign exchange loss which is caused by the depreciation of USD during the quarter.

Income tax expense rose 58% in line with the higher profits.

For the half year of 1H2017, the Group's net profit attributable to shareholders surged 130% to reach S\$22.6 million from S\$9.8 million in 1H2016.

The sterling performance reflected the robust growth of the Group's semiconductor business.

Gross material margin in 1H2017 softened to 51% from 59% in 1H2016 mainly due to the Group's product mix which had a higher proportion of Integrated Systems that command a lower margin compared to component sales.

Expenses rose due to the consolidation of Kalf Engineering results in 2Q2017 and higher staff expenses. Depreciation declined 23% mainly due to some fixed assets being fully depreciated. Other expenses increased 27% over last year mainly due to higher level of production activities. Upkeep of machinery expenses as well as legal and professional fees also went up.

Other charges in 1H2017 increased by 20% as a result of higher exchange loss - attributed to the depreciation of USD during the period.

Income tax expense for the first half year climbed 124% in line with the higher profits.

Cashflow

The Group's cashflow remains strong - registering S\$13.0 million positive net cash from operating activities and also S\$10.3 million free cash flow in 1Q2017. As of 30 June 2017, after a dividend payment of S\$12.9 million, UMS continues to show healthy net cash and cash equivalents of S\$44.1 million.

For 1H2017, the Group registered S\$20.8 million positive net cash from operating activities and also S\$17.1 million free cash flow.

9 Where a forecast, or prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the previous announcement made on 12 May 2017. The Group maintains its positive outlook for the industry.

10 A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The global semiconductor industry continues its rapid growth trajectory.

According to SEMI's [Mid-year Forecast](#), worldwide sales of new semiconductor manufacturing equipment are projected to increase 19.8 percent to total S\$49.4 billion in 2017, marking the first time that the semiconductor equipment market has exceeded the market high of S\$47.7 billion set in 2000. In 2018, 7.7 percent growth is expected, resulting in another record-breaking year – totaling S\$53.2 billion for the global semiconductor equipment market.*

These trends herald good news for the Group. This is further supported by the robust results of our major customer who has recently posted a sterling 2QFY2017 performance and has projected accelerated growth in the coming quarter.

While the Group's prospects remain positive, we expect our major customer's demand moderating in the second half of the year. The new terms of the renewed system integration contract announced earlier this year, which will have a lower average selling price, will also take effect in the near future. Any margin decrease however will be minimal as the price reduction is mainly due to reduction in our scope of integrating third party materials. This is further mitigated by our efforts to increase production activities in Penang. Our new cleanroom and new system integration team in Penang will be ready in 3Q2017 and we will benefit from the transfer of the system integration operation from Singapore to Penang to lower our operating costs.

Our newly acquired subsidiary Kalf Engineering will continue to pursue projects both in Singapore and overseas and will be making maiden contributions to the Group. Its contributions are not expected to be significant for FY2017 due to some project delays.

Barring unforeseen circumstances, FY2017 will remain a profitable year for the Group.

To reward shareholders, the Board of Directors is proposing a special bonus issue of up to 107,285,986 new ordinary shares to the shareholders of the Company on the basis of one Bonus Share for every four existing ordinary shares of the Company.

Details of this will be made in a separate announcement on the Bonus share issue.

* Source: Solid State Technology: July 13, 2017

11 Dividend

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on? **Yes**

Name of Dividend	Proposed Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? **Yes**

Name of Dividend	Proposed Interim Dividend
Dividend Type	Cash
Dividend Amount (SGD)	1.0 cent per ordinary share, (tax exempt one-tier)
Tax rate	Not applicable

(c) Date payable

27 October 2017.

(d) Books closure date

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed on 12 October 2017, for the purpose of determining members' entitlements to the Second Interim Dividend of 1.0 cent per ordinary share (tax-exempt one-tier) for the financial year ending 31 December 2017.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to the close of business at 5.00 p.m. on 11 October 2017 will be registered before entitlement to the Second Interim Dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 11 October 2017 will be entitled to the Second Interim Dividend.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

	6 Months Ended 30 June 2017
Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) S\$'000
Kalf Engineering Pte Ltd (Note 1) Fabrication of water disinfection system	273
Sure Achieve Consultant Pte Ltd (Note 2) Consultancy Services charges and commission	301

Note 1: Kalf Engineering Pte Ltd ("Kalf") is a company in which both executive directors Mr. Luong Andy and Mr. Stanley Loh Meng Chong have an interest. The above aggregate value of Interested person transactions is from 1 January 2017 to 30 March 2017.

On 24 February 2017, the Group entered into a Conditional Subscription agreement with Kalf to subscribe for 51% equity of Kalf's enlarged Shareholdings via issuance of new shares for a total consideration of S\$990,000.

Kalf has become a subsidiary of the Group on 1 April 2017 and the financial results consolidated thereon.

Note 2: Transaction above is with Sure Achieve Consultant Pte Ltd in which Mrs. Sylvia SY Lee Luong is a director and shareholder. She is the wife of the CEO of the Group, Mr. Luong Andy.

The aggregate value of IPT entered into between the Group and Sure Achieve Consultant Pte Ltd for the period ended 30 June 2017 amounted to S\$301,000 which represented approximately 0.16% of the Group's latest audited net tangible assets as at 31 December 2016.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

15 Negative confirmation pursuant to Rule 705 (5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the 2Q2017 and the period ended 30 June 2017 financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Luong Andy
Chief Executive Officer
11 August 2017